



Senate

General Assembly

January Session, 2013

File No. 519

Senate Bill No. 1054

Senate, April 16, 2013

The Committee on Finance, Revenue and Bonding reported through SEN. FONFARA of the 1st Dist., Chairperson of the Committee on the part of the Senate, that the bill ought to pass.

AN ACT CONCERNING ANNUAL ADJUSTMENTS TO ASSESSMENT RATES.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 12-62r of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective July 1, 2013*):

3 (a) For the purposes of this section:

4 (1) "Apartment property" means a building containing four or more
5 dwelling units used for human habitation, the parcel of land on which
6 such building is situated, and any accessory buildings or other
7 improvements located on such parcel;

8 (2) "Residential property" means a building containing three or
9 fewer dwelling units used for human habitation, the parcel of land on
10 which such building is situated, and any accessory buildings or other
11 improvements located on such parcel;

12 (3) "Base year" means the assessment year commencing October 1,

13 2010; and

14 (4) "Adjusted tax levy" means the total amount of taxes raised by
15 taxation in a fiscal year by a municipality.

16 (b) Notwithstanding any provision of the general statutes or any
17 special act, municipal charter or any home rule ordinance, any
18 municipality in which the provisions of section 12-62n were effective
19 for the assessment year commencing October 1, 2010, shall make
20 annual adjustments to the assessment rate charged to apartment and
21 residential property in accordance with the provisions of this section,
22 but in no event shall the assessment rate for any class of property be in
23 excess of seventy per cent.

24 (c) For the assessment year commencing October 1, 2011, in any
25 municipality that adopts the property tax system under this section,
26 apartment property shall be assessed at a rate of fifty per cent. For
27 assessment years commencing on and after October 1, 2012, the
28 assessor shall determine a rate of assessment for apartment property
29 that will have the effect of phasing in proportionate increases in the
30 rate so that, by the assessment year commencing October 1, 2015, the
31 assessment rate for apartment property shall be seventy per cent.

32 (d) In any municipality that adopts the property tax system under
33 this section, for the assessment year commencing October 1, 2011, and
34 only for said assessment year, the assessor shall determine a rate of
35 assessment for residential property that will have the effect of
36 increasing the average property tax for residential property as a result
37 of revaluation by three and one-half [per cent] percentage points over
38 the property tax for such property class in the base year, but in no
39 event shall the assessment rate be less than twenty-three per cent. For
40 assessment years commencing on and after October 1, 2011, the
41 assessor shall then calculate an adjustment to the rate of assessment for
42 residential property in accordance with subsection (e) of this section.

43 (e) Not later than January thirty-first or the completion of the grand
44 list, whichever is later, the assessor shall annually calculate the

45 difference in the adjusted tax levy by such municipality in the current
46 fiscal year and the prior fiscal year. The assessor shall then adjust the
47 adjusted tax levy for the current fiscal year in accordance with any
48 change in the consumer price index for all urban consumers in the
49 northeast region in the preceding fiscal year. If, after such adjustment,
50 (1) the adjusted tax levy in the current fiscal year exceeds the adjusted
51 tax levy in the prior fiscal year by more than one hundred per cent of
52 the rate of inflation, as determined in accordance with such consumer
53 price index, the assessor, in his or her calculation of the assessment
54 ratios for the next grand list, shall increase the rate of assessment for
55 residential properties from the prior grand list year by five [per cent]
56 percentage points; (2) the adjusted tax levy in the current fiscal year
57 exceeds the adjusted tax levy in the prior fiscal year by more than fifty
58 per cent, but not more than one hundred per cent, of such rate of
59 inflation, the assessor shall increase such rate of assessment by three
60 and one-half [per cent] percentage points; (3) the adjusted tax levy in
61 the current fiscal year exceeds the adjusted tax levy in the prior fiscal
62 year by not more than fifty per cent of such rate of inflation, the
63 assessor shall increase such rate of assessment by two and one-half
64 [per cent] percentage points; (4) the adjusted tax levy in the current
65 fiscal year is equal to the adjusted tax levy in the prior fiscal year, or is
66 less than one-half per cent less than the adjusted tax levy in the prior
67 fiscal year, the assessor shall increase such rate of assessment by one
68 and one-half [per cent] percentage points; and (5) the adjusted tax levy
69 in the current fiscal year is less than the adjusted tax levy in the prior
70 fiscal year by at least one-half per cent, the assessor shall make no
71 change in such rate of assessment.

72 (f) Not later than June fifteenth in any year in which the adjusted tax
73 levy in the current fiscal year increases by more than two and six-
74 tenths [per cent] percentage points over the adjusted tax levy in the
75 prior fiscal year, one per cent of the total number of electors of such
76 municipality may petition in writing for a referendum on the budget
77 establishing such increase. Any such referendum shall be held not
78 more than ten days after receipt of such petition by the town clerk and
79 shall be conducted in accordance with the provisions of chapter 90.

80 Such budget shall not become effective unless a majority of the electors
81 voting in such referendum vote in favor thereof. Only one referendum
82 may be held, and, if the vote is against the budget, such municipality
83 shall so adjust the budget as to limit any increase to be equal to or less
84 than two and six-tenths [per cent] percentage points.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2013</i>	12-62r

FIN *Joint Favorable*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact: None

Municipal Impact: See Below

Explanation

The bill makes a change to the City of Hartford's property tax system by requiring it to make annual percentage point, rather than percentage, adjustments to residential property tax assessment ratios. This has no fiscal impact as it is anticipated to shift the property tax burden from commercial, personal and motor vehicle property, to residential property as a result of these changes.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

OLR Bill Analysis**SB 1054****AN ACT CONCERNING ANNUAL ADJUSTMENTS TO ASSESSMENT RATES.****SUMMARY:**

This bill modifies the law requiring Hartford to make annual adjustments to its property tax assessment ratios.

Existing law requires a municipality that meets certain conditions to make annual adjustments to the assessment ratios for residential and apartment property, beginning with the 2011 assessment year. It applies to any municipality that, in the 2010 assessment year, was implementing the law that allows towns to provide a special property tax relief program. Hartford is the only municipality that used this program and thus is the only municipality affected.

Under current law, the annual adjustments to residential property assessments range from 0% to 5%. The bill makes the adjustments percentage point, rather than percentage, increases, thus increasing the adjustments. As under current law, the amount of the adjustment depends on the growth in property taxes levied over the previous fiscal year, adjusted for inflation.

The bill makes a similar change to a related provision allowing voters in Hartford to petition for a referendum on any budget that increases the tax levy over a specified threshold.

EFFECTIVE DATE: July 1, 2013

RESIDENTIAL PROPERTY ASSESSMENT RATIOS

Beginning with the 2011 assessment year, the law requires Hartford's assessor to calculate an adjustment to the residential

assessment ratio to reflect the growth in property taxes levied over the previous fiscal year, adjusted for inflation. The bill makes the adjustments percentage point, rather than percentage, increases, as Table 1 shows.

This change increases the residential assessment ratio adjustments. For example, assume the base residential assessment ratio is 30% and the adjusted tax levy in the current fiscal year exceeds that of the prior fiscal year by more than 100% of the inflation rate. Under current law, the assessment ratio would increase to 31.5%; under the bill, it would increase to 35%.

Table 1. Residential Property Assessment Ratio Adjustments

<i>If the Adjusted Tax Levy in the Current Fiscal Year (adjusted for inflation)</i>	<i>Increase in Residential Property Assessment Ratio</i>	
	<i>CURRENT LAW</i>	<i>BILL</i>
Is less than that of the prior FY by at least 0.5%	None	None
Is equal to or less than 0.5% less than that of the prior FY	1.5%	1.5% points
Exceeds that of the prior FY by 50% of the inflation rate or less	2.5%	2.5% point
Exceeds that of the prior FY by between 50% and 100% of the inflation rate	3.5%	3.5% points
Exceeds that of the prior FY by more than 100% of the inflation rate	5%	5% points

BUDGET REFERENDUM

Current law (1) allows voters in Hartford to petition for a referendum on any budget that increases the tax levy by more than 2.6% over that for the prior fiscal year and (2) if voters reject the

budget, requires the city to limit the tax levy increase to 2.6%. The bill instead sets both of these thresholds at 2.6 percentage points, rather than 2.6%.

COMMITTEE ACTION

Finance, Revenue and Bonding Committee

Joint Favorable

Yea 51 Nay 0 (04/04/2013)